



THE
HUDSON BAY RAILWAY.

AN OPEN LETTER

—FROM—

The President of the Hudson Bay Railway

—TO THE—

Members of the Parliament of Canada

OTTAWA, MAY, 1890.



AN OPEN LETTER

ON-

THE HUDSON BAY RAILWAY

*To the Hon. the Members of the Senate and the
House of Commons of Canada:*

GENTLEMEN,—Convinced that the representatives of the Provinces forming the Dominion, are awakening to the importance of an enterprise towards the promotion of which I have devoted the best years of my life, I venture to lay before you, in as concise a form as possible, my reasons for believing that the period has arrived for prompt and effective action upon the part of the Government with a view to securing the immediate construction of what must eventually prove one of the greatest factors in Canada's progress.

IMMIGRATION.

Probably the most important direct benefits to be derived from the opening of the Hudson Bay route, will be the marked effect it is certain to have upon the immigration prospects of the future, and on this branch of the subject I take a very firm stand. The North West without a large population must necessarily be a failure. It cannot be said, so far, that foreign immigration has been a success. When I went to the North West, 15 years ago, there were more people in Manitoba than in Dakota. To-day, Dakota has a population of upwards of 750,000 while Manitoba has scarcely a population of 160,000. It is generally admitted, and from my personal knowledge I know it to be true that both in soil and climate, Manitoba is superior to Dakota; but notwithstanding this, the fact remains, that while Dakota has been rapidly

settling up, immigration to Manitoba has not poured in as the advantages of the country deserved. The question naturally suggests itself—What is the cause, and where is the remedy? To my mind, it is mainly attributable to two causes. First, the mixed route of the past, and secondly, the long railway journey of the present. To live two thousand miles inland from the seaboard, is to give the impression of being forever land-locked; but if the prairies of the West can be reached by a railway journey of only six or seven hundred miles, it will create a very different impression upon the mind of the intending settler. The ordinary old country immigrant, while not objecting to a long sea voyage, cannot understand the meaning of a railway journey of two thousand miles after reaching the Canadian shore. He fancies he is being transported to the North Pole, and on coming in contact with American immigration agents, the difficulties of the journey are magnified. He is told of the inhospitable country along the line of the Canadian Pacific Railway between Montreal and Winnipeg, which is contrasted with the advantages offered immigrants who go by the American route. He is told of the hundreds of places along the latter route, which afford opportunities for employment for all classes, and that if he wishes to go to the prairies of the West he can do so by easy stages, earning money on the way; and it is mainly on this account, that a large percentage of immigrants, who are actually booked in the old country for Winnipeg and points West, never reach their destination. In 1886, I remained nine months in the old country, and spent a good deal of time, studying the question of immigration and the practices of American immigration agents. I soon discovered that, owing largely to the arguments of American agents, to which I have referred, Canada is greatly handicapped in the race for suitable immigrants. It is true that the Canadian Pacific Railway offer better accommodations for the transport of immigrants than any other railway on the continent. The company has done, and appear to be doing, everything that is possible to make the route attractive; but somehow or other, it is to be regretted that the number of immigrants going into the country is very disappointing. There is no use denying the fact that the long railway haul from the seaboard, as at present, is a most formidable difficulty to contend against, and that an inlet shorter and more expeditious must be found before

we can hope to have that measure of success which the natural advantages and conditions of the country so liberally offer.

THE IMMIGRATION ROUTE OF THE FUTURE.

Now, taking the most skeptical view of the Hudson Bay route from a navigation standpoint and placing it at four months, it will be admitted by those who have any personal knowledge of the subject, that these four months cover the exact period of the year that immigrants should go into the country. This being the case it stamps the Hudson Bay route as THE IMMIGRATION ROUTE OF THE FUTURE. If immigrants can be brought into the country by this route, *with the same length of sea voyage* and in twelve or fifteen hours from the time of debarkation at Hudson Bay and landed in the centre of the fertile belt, it will convey a vastly different impression to their minds. They will be protected from exposure to the allurements of the American land agents, and will not be so likely to drift into the United States. A few hours' ride will land them in the heart of a beautiful country, of which their first impression is bound to be good, and this first impression, conveyed back to their friends in the Old Country, will have its beneficial effect. Gentlemen largely interested in the Canadian Pacific Railway enterprise, candidly admit the disadvantages of the long haul of the present route; for, in addition to the superior accommodations which the Company gives to immigrants, they are carried from Montreal to the North-West at a rate so low as not to cover expenses. These gentlemen believe if the Hudson Bay route possessed one particular advantage, it would be that it comprised the natural line for immigrants, and that if these can be brought in by the back door more readily than by the front, or present route, the sooner it is opened the better for the country and the Canadian Pacific as well. Without a population to develop traffic, there is no opportunity for permanent railway progress, and if the Hudson Bay route will stimulate immigration it will greatly benefit the Canadian Pacific Railway and all other land corporations. Now that the national highway is completed and placed on a solid foundation, that all the land organizations of the country are ready to transact a large business, that in fact everything has been done to prepare the country for a much greater volume of

immigration than we are receiving, it appears to me, the Government should recognize the importance of a vigorous policy in this regard, adopting every practical method for the promotion of a more speedy influx of settlers. The people of the other provinces of the Dominion would thus reap some immediate return from the large amount of national capital already invested, and the manufacturers of the East would find a ready demand in their own country for manufactured articles for which they are now seeking a market in other countries. A settled West has made rich the east of the United States ; a settled Canadian North-West, is the natural source whence riches may be drawn to the people of the Eastern Provinces.

THE QUESTION OF TRAFFIC.

The opinion prevails, to some extent, that the opening of the Hudson Bay route, would deprive the Canadian Pacific Railway of an amount of traffic, now barely sufficient for one railway, and therefore the Hudson Bay outlet is not a necessity. This idea is entirely erroneous, and generally promulgated by those who are either prejudiced against the route, have personal interests to serve, or possess very meagre knowledge of the facts. I maintain that the contrary will be the case ; that the Hudson Bay route will be an ally of the Canadian Pacific Railway, not only because it will be a potent immigration feeder for all railways in the North-West, but be the means of preventing traffic going to American railways to the south ; thus building up Canadian instead of American ports. The period may arrive when the Canadian Pacific Railway will be unable to maintain a profitable rate to the sea board, and so far as the actual export trade is concerned, will have to divide it with American rivals. In discussing this matter with Mr. Van Horne, he pointed out that when keen competition from the south was established, it would probably pay the shareholders of the Canadian Pacific Railway better to have a fair local rate on all wheat for export grown west of Red River, and hand it over to the Hudson Bay Railway at Winnipeg, rather than be obliged to pool with American roads, or carry it around the north shore of Lake Superior, for practically nothing; that is to say, the rate on the long haul would be dissipated to such an extent, as to

make it more profitable to utilize the Hudson Bay Railway. Of course the inter-provincial trade which will ever grow, if the North-West grows, will remain in the hands of the Canadian Pacific Railway. If settlers can be placed on half the lands covered by the railway belt of the latter, the traffic will develop far beyond its present capacity, and as the consuming power of the settlers of the North-West for the manufactures of the East continues to grow, so will the resources of the Canadian Pacific Railway be taxed to supply them. A well distributed population throughout all portions of Manitoba and the North-West, will be a practical guarantee, if such were needed, that the Government of Canada will never be called upon to assume any further burthens in connection with the Canadian Pacific line.

TRAFFIC FROM THE UNITED STATES.

It is not generally understood that if the Hudson Bay route was now open, it has a ready made traffic south of the boundary line, which it will undoubtedly secure. This body of traffic would be three times larger than the present traffic of Manitoba and the North-West; the greater portion of which will find its natural and cheapest outlet by Hudson Bay. There are ten counties in Minnesota and Dakota bordering on both sides of Red River, immediately south of the boundary, that produce annually over 30,000,000 bushels of wheat alone, 22,000,000 of which were in 1888 exported to England. Thus it will be seen, that the Hudson Bay railway will start under more favourable auspices than did the Canadian Pacific Railway, for that company had to build up its traffic, while in this instance, a large traffic awaits the opening of the route. While this immense foreign traffic will find its outlet to the sea board by the Hudson Bay route shorter and cheaper than by any other possible route, the Canadian Pacific Railway is unable to handle any portion of it. The Red River, flowing northward, divides Minnesota and Dakota and the ten Red River counties referred to. The grain for export can be carried down stream in barges to connect with the Hudson Bay Railway at Sea Falls, the outlet of Lake Winnipeg, leaving only 290 miles of railway carriage to Hudson Bay. With these natural advantages the Hudson Bay route will be the strong competitor of foreign lines. At Sea Falls, there is a water power equalled

only by St. Anthony's Falls at Minneapolis. It is estimated by Dr. Bell, that it has twice the volume of water of the Chaudiere at Ottawa. This affords facilities for grinding wheat in transit to Europe, which will be an inestimable advantage. It is not difficult to see what an important factor the Hudson Bay route will be, in keeping the North-West ~~export~~ trade within its own boundaries. In addition to this, the advantages of, and possibilities for, creating a local traffic along the entire line from Winnipeg to Hudson Bay, are as good on the whole, as can be found along any other stretch of country of the same continuous length.

BUSINESS ALL THE YEAR.

The question has been asked me, "Navigation of the Hudson Bay route being closed for the greater portion of the year, what is there for the railway to do during that season?" The answer is very simple:—The winter will be its busiest season, hauling grain to the elevators at the Hudson Bay, just as all other railways running to closed ports, such as Port Arthur, Duluth, Montreal and Chicago, are doing. It is an error to suppose that much wheat is exported from any part of the American or Canadian North-West, the same year it is harvested, and there are many good reasons why it can never be done; even though possible it would be unprofitable. Between harvesting and the close of navigation, or until the ground is frozen, is the season for fall plowing; consequently very little threshing is done except for local and Provincial milling purposes. After the winter sets in, threshing and hauling to market is carried on until spring; consequently, the winter season covers the period which taxes the carrying capacity of all western railways, and so the theory that the Hudson Bay Railway would be idle in winter, has no foundation in fact.

LOCAL RETURN TRAFFIC.

The local return traffic, will consist of timber to supply an ever increasing demand by the settlers of the open prairie. The fisheries of Hudson Bay, yet undeveloped, are known to be enormous, and considering the immense territory to the south, on both sides of the International boundary, which can be supplied from this source, will develop a trade of very large proportions. The coal of Hudson Bay will be carried south, until it meets the coal from the east and west. Hay,

which is so abundant, and of a richer quality the farther northward it is grown, will form no inconsiderable portion of the export trade to England, as on no other portion of the continent, is natural hay grown in such quantity near a sea port. In view of the foregoing, and the fact that the greater portion of the lands along the line of railway to Hudson Bay, are well adapted for agricultural and grazing purposes, and the exceptional advantage the railway will have, by being in direct communication with the great waterways of the country, it is fair to assume, that there need be no fear of an ever increasing traffic for the Hudson Bay Railway. I claim also that the export trade of Manitoba, the North-West and the adjoining States of America, will be revolutionized by the opening of the Hudson Bay route; while inter-provincial trade will be stimulated by the increased immigration it will bring, and the varied industries necessitated by the requirements of a mixed population.

CATTLE EXPORTS.

What I have said in regard to the export of wheat, applies with even greater force to the export of cattle. Cattle driven from the Western ranches across country to the Hudson Bay Railway at the mouth of the Saskatchewan, will feed and grow fat on the way, at which point they can be shipped by rail 400 miles to the sea board, as against 2,400 miles from Calgary to Montreal. These distances speak for themselves. It is estimated the shrinkage in weight occasioned by the long haul, is about one third, besides rendering their condition unfit for the sea voyage. The ranches of Montana and Wyoming will also supply traffic for this route, owing, among other advantages, to its greater healthfulness. As a route, therefore, for the export of cattle, the Hudson Bay Railway can have no possible rival.

NAVIGATION.

The question of navigation is one that has occasioned the promoters of the scheme much concern, not particularly on account of the duration of the navigable period, but as to the question of the adaptability of modern steamships, to the navigation of Hudson Strait. I may say that among steamship men in England and Scotland, who have a better knowledge of the navigable waters of the world than the average Canadian, I never

at any time found the same feeling against the navigability of Hudson Strait, as I found to exist in Eastern Canada. After conferring with nearly all the principal steamship men of England and Scotland, and especially those engaged in ice navigation, such as the Dundee whalers, the Baltic and North Sea companies, the question narrowed itself down as to what class of steamships would be required? I spent a good deal of time on several occasions in the Old Country, discussing the subject from every possible standpoint. I found that if a special class of steamships had to be built, financing the whole scheme would be rendered more difficult; but if a portion of the vast amount of tonnage, now to some extent idle, at shipping points in the Old Country, could be utilized, without extensive alterations, the general opinion was that there would be no difficulty in establishing a steamship line in connection with the railway. At Dundee, Scotland, where I spent much time gathering information from the masters of whaling ships, a proposal was made to me by responsible ship builders, who have built many steam whalers, and who have been engaged in the whale and seal trade themselves for forty years, to design, build and guarantee ships able to navigate the Strait at any season of the year. I called a meeting of steamship owners and builders at London, in January, 1885, which was attended by the representatives of over a dozen responsible firms. A steamship line to Hudson Bay was thoroughly and intelligently discussed, the result being that a consensus of opinion was favourable, with certain alterations, to a class of steamships now engaged on the Atlantic trade. The alterations suggested were sheathing iron ships with an outside covering of a wood called "Iron Bark," the same as used on the latest type of steam-whalers, and additional fortifications throughout, so as to resist the pressure of ice. These were the only alterations suggested: the total cost was estimated at fifteen shillings per gross ton. As a further result of all these inquiries, covering a long period, William Millburn and Sons of Newcastle-on-Tyne, and London, who are said to be the largest private shipowners in the world, and for over thirty years have been engaged in the Baltic and North Sea trade, have, after giving the matter years of consideration, made a written offer dated 2nd Decr., 1889, agreeing to establish a line of steamships in connection with the Hudson Bay Railway. Not long ago the head of the firm visited the North-West, and

is now stronger than ever in his conviction that the Hudson Bay route, if opened, will become an important factor in Canada's progress.

THE QUESTION SETTLED.

Millburn & Sons, since the examination of the route, in 1886, by Commodore Markham of the royal navy, acknowledged to be the best authority on ice navigation in England (whose report to the Royal Geographical Society of England on the navigability of Hudson Bay Strait is a matter of record), are confirmed in the opinion that their steamships at present employed in the Baltic trade, are well suited to the navigation of Hudson Strait, and furthermore, that the ice which is met in the former, is heavier than the ice in Hudson Strait.

By enlisting the co-operation of Millburn & Sons, another important difficulty has been settled, namely, the question of Marine Insurance. The firm, being large contributors to Lloyds, brought the matter before a Board of Underwriters, whose opinion was that "if a well-known reliable firm like the Millburns would send their steamships to Hudson Bay, underwriters at Lloyds were prepared to give them the same rate as to the St. Lawrence," and in furtherance of this view, Messrs. A. Bilbrough & Co., of London, underwriters at Lloyd's, on the 5th Decr. last, made a written offer to the railway company, agreeing to co-operate.

I submit then that Millburn & Sons' agreement with reference to steamships, and the offer of Bilbrough & Co. in regard to insurance, practically solve the problem of the navigability of Hudson Bay and Strait, as a commercial route to and from Europe. I assume it is not necessary to discuss other authorities in regard to navigation, as sufficient information is now before the country and the Government, to satisfy most people that the route is feasible.

NATURE OF ASSISTANCE REQUIRED.

As to the nature of assistance the Company is now seeking from the Government, it consists of enabling them to utilize the liberal land grant, which has already been given, as a financial security in aid of the construction of the railway. The Government has given a land grant of 6,400 acres per mile inside the Province, and 12,800 acres per mile outside; in all 5,880,000 acres between Winnipeg and Hudson

Bay. The country for two-thirds of the way has not been fully explored by Government surveyors and consequently there are no official reports to refer to. The Company has made a very thorough exploration of the country along the entire line, and I have compiled from reliable reports a statement which has been submitted to the Government, showing the general character of the country and its resources, and bringing to the notice of the Government, the important fact that a large tract tributary to the line of the Hudson Bay Railway, is shown on examination, to be rich in agricultural and pastoral lands, with abundance of timber for all local purposes, and in regard to climate, snow fall and other respects, a suitable country for settlement. It is needless to say, that without a railway, these lands are without value to either the Government or the company. With a railway through them, more especially a railway to the sea board, it is an entirely different matter. The total cost of the railway, its equipment and terminal facilities, is estimated at from fourteen to fifteen millions of dollars. What the company want is, authority to issue land grant bonds for \$5,000,000 on the total land grant, and that the Government should guarantee interest on these bonds at 3½ per cent per annum for 35 years, similar to the guarantee of interest on \$15,000,000 of land grant bonds issued by the Canadian Pacific Railway. An issue of \$5,000,000 of land grant bonds would be equivalent to a mortgage of 73 cents per acre on the total land grant, the annual interest on which would be \$175,000. The company propose that the total issue of land grant bonds shall be deposited, in the first instance, with the Government and paid out to the company or its contractors in mileage instalments as the work progresses : or in other words, as each 20 mile section is completed and accepted by the Government Chief Engineer, or such official as may be appointed therefor. By this proposal, it will be observed that not until the company have made such financial arrangements as will insure the completion of the road, involving the raising of nine or ten millions of dollars upon the road itself, will the Government be called upon to hand over the land grant bonds in the manner described. Thus it will be seen, that the giving of the guarantee is contingent upon all the money being raised to complete the enterprise. If this cannot be done the guarantee, if given, becomes inoperative.

IS THIS A SUFFICIENT SECURITY.

The question arises, is the land worth the guarantee of interest? This I apprehend is a matter easily decided. The first 2,000,000 acres to be earned between Winnipeg and the Saskatchewan River, will be without doubt, the most valuable lands in the province of Manitoba, and if they realize \$3.00 per acre, which is not half their value, it will be sufficient to retire the total issue of bonds with interest, leaving 4,880,000 acres to the good. Now as all the proceeds of the sales of these lands are to be managed by trustees, to be appointed or approved by the Government, first, for the payment of expenses and interest, and secondly for the redemption of the principal, it is fair to assume that the transaction will be a thoroughly safe one for the Government, while it insures the success of the enterprise without costing the country a dollar.

The promoters of the company have labored assiduously, both at home and abroad, for nearly ten years, educating the investing public of the world, to the great advantages and merits of the scheme. They have made many sacrifices during that period, which no monetary consideration can ever recompense them for. Mistakes may have been made—indeed, it would be surprising if there had not—but whatever has been done, the best of motives and a sincere desire to advance the true interests of the enterprise, have actuated its promoters.

I remain, Gentlemen,

Yours very respectfully,

HUGH SUTHERLAND,

President.

OTTAWA, 2nd May, 1890.

[OVER]

COMPARISON OF ROUTES.

OCEAN.

	<i>Miles.</i>
Montreal to Liverpool	2,990
New York to Liverpool.....	3,100
Port Nelson to Liverpool	2,966

The ocean distances are, it will be seen, practically identical.

RAILWAY.

	<i>Miles.</i>
Winnipeg to Montreal, via C.P.R.	1,425
Winnipeg to New York, via U.S. Railways.....	1,779
Winnipeg to Port Nelson	650
Regina to Montreal, via C.P.R.	1,781
Regina to New York, via C.P.R. & U.S. Railways.	2,135
Regina to Port Nelson.....	700

The great Savings in Railway Carriage in favor of the Hudson Bay Route are therefore as follows:—

FROM WINNIPEG TO LIVERPOOL.

	<i>Miles.</i>
Via Hudson Bay instead of via Montreal	775
Via Hudson Bay instead of via New York.....	1,129

FROM REGINA TO LIVERPOOL.

	<i>Miles.</i>
Via Hudson Bay instead of via Montreal	1,081
Via Hudson Bay instead of via New York.....	1,435